

ELLIS LAW HORNE

John J. Pringle, Jr.
Direct dial: 803/343-1270
jpringle@ellislawhorne.com

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VIA ELECTRONIC MAIL SERVICE AND HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

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8/4/05
TOD

RE: Application of Vanco Direct USA, LLC for a Certificate of Public Convenience and Necessity to Provide Resold Interexchange And Local Exchange Communications Services, and for Flexible Rate Structure for Local Exchange Service Offerings First Approved in Docket No. 97-467-C
Docket No. 2005-231-C, Our File No. 1031-10310

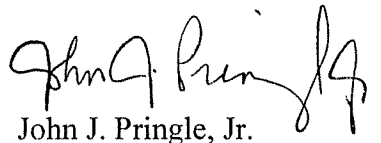
Dear Mr. Terreni:

Enclosed is the original and ten (10) copies of the **Application** filed on behalf of Vanco Direct USA, LLC. in the above-referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr

cc: Office of Regulatory Staff Legal Department
Mr. Ted Raffetto
Monica Borne Haab, Esquire
Enclosures

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) APPLICATION OF VANCO
) DIRECT USA, LLC

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) DIRECT USA, LLC

Vanco Direct USA, LLC (“Vanco” or “Applicant”), pursuant to S.C. Code Ann. § 58-9-280, Section 253 of the Telecommunications Act of 1996, 47 U.S.C. §253 (1996), and the rules and orders of the South Carolina Public Service Commission (the “Commission”), respectfully submits this application for a Certificate of Public Convenience and Necessity to Provide Resold Interexchange and Local Exchange Services, including Private Line Data service, for modified alternative regulation for certain interexchange services first approved in Docket No. 95-661-C and as modified in Docket No. 2000-407-C and for flexible rate structure for local exchange service offerings similar to that approved by Order No. 98-165 in Docket No. 97-467-C . Applicant further requests, pursuant to S.C. Code Annotated Regs. 103-601(3), that the Commission waive the application of certain Commission Rules, as outlined herein.

Applicant proposes to offer its services to large business customers throughout the geographic service territory of BellSouth Telecommunications, Inc. ("BellSouth"). Should its Application be granted, Applicant plans to commence offering service immediately upon the execution of the appropriate and necessary interconnection agreement(s) with the appropriate Incumbent Local Exchange Carriers ("ILECs"). Approval of this Application will be beneficial to the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all telecommunications service providers to operate more efficiently and pass on the resultant cost savings to consumers. In addition, as a result of competition, the overall quality of local exchange service will improve.

In support of its Application, Applicant states as follows:

I. **Introduction**

1. The name and address of the Applicant are:

Vanco Direct USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523
Ph. (630) 218-5890
Fax (630) 218-5891

2. All correspondence, notices, inquires and other communications regarding this Application should be directed to:

Monica Borne Haab
Nowalsky, Bronston and Gothard, A PLLC
3500 North Causeway Blvd., Suite 1442
Metairie, LA 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892
E-Mail: mhaab@nbgllaw.com

With copies to local counsel:

John J. Pringle, Jr.
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
Columbia, SC 29202
Ph. (803) 254-4190
Fx. (803) 799-8479
E-Mail: jpringle@ellislawhorne.com

3. The Company's contact person for ongoing operations is:

Ted Raffetto, CEO
Vanco Direct USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523
Ph. (630) 218-5890
Fax (630) 218-5891
E-Mail: Ted.Raffetto@vanco-us.com

4. In support of this Application, the following exhibits are attached hereto:

Exhibit A: Officers, Board of Directors and major shareholders
Exhibit B: Articles of Incorporation
Exhibit C: Certificate of Authority

- Exhibit D: Financial Information
- Exhibit E: Managerial Profiles
- Exhibit F: Proposed Tariff No. 1 for Interexchange Services
- Exhibit G: Proposed Tariff No. 2 for Local Exchange Services
- Exhibit H: Proposed Notice of Filing

II. Description of the Applicant

1. General Information

a. Vanco is a telecommunications company that has been organized to provide competitive interexchange, local exchange, and private line data services to business customers. The Company is headquartered in Oak Brook, Illinois, and its Customer Service Department is located there.

b. The Company is not currently providing telecommunications services in any states, but is in the process of applying for authority in approximately twenty-five (25) states. Local exchange and private line data services will be offered throughout the BellSouth geographic service territory, and Vanco has commenced negotiating the necessary agreements with BellSouth. The Company will offer services on a resale only basis. Local exchange services will not be provided to customers located in any South Carolina rural incumbent's local exchange service areas. Attached as Exhibits F and G are the Company's proposed tariffs.

c. Vanco is a Delaware corporation authorized to transact business in South Carolina. The Company is certified with and currently in good standing with the South Carolina Secretary of State.

2. Customer Service

a. Customer service representatives will be available to assist its customers during normal business hours (8:30 a.m. to 5:30 p.m. (CST) Monday through Friday. Customers can reach the Company's Customer Service Center by calling 1-866-578-2626. This toll free number will be

printed on all customer billing statements. Customers wishing to communicate with customer service representatives in writing may send written correspondence to:

Vanco Direct USA, LLC
Attn: Customer Service
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523

b. The Company's customer service representatives are prepared to respond to a broad range of service matters, including: (1) the types of services offered, and the rates associated with such services; (2) monthly billing statements; (3) problems or concerns pertaining to a customer's current service, and (4) general telecommunications matters.

III. Technical, Managerial and Financial Expertise Necessary to Provide Local Exchange Service

Vanco's management team has the requisite technical, financial and managerial experience to operate a competitive telecommunications provider. Profiles of the Company's management personnel are attached as Exhibit E. A more detailed explanation of these capabilities is as follow.

1. Financial Qualifications

a. The Applicant possesses adequate financial capitalization to conduct the business which it is proposing on a continuous basis.

b. The Company is in the process of obtaining the authority to offer interexchange, and local exchange services in additional states, and initiation of such operations will significantly increase revenues. The Company will also strictly monitor its expenses, institute effective cost controls and keep its selling, general and administrative ("SG&A") expenses as a percentage of gross revenues equal to if not better than the industry average. Therefore, the Company intends to have successful ongoing operations in the near future.

2. Managerial Qualifications

The Company's management team is highly skilled, having acquired considerable experience in the telecommunications industry and other business ventures, as evidenced by the management profiles submitted with this application.

3. Technical Qualifications

a. The Company will operate as a provider of resold private line services. As a result, the quality of service provided to customers is, at a minimum, equivalent to that of the underlying service providers which meet all necessary quality of service standards. In addition, the Applicant's management team has extensive experience within the telecommunications field, including technical experience.

b. As the foregoing illustrates, the Company possesses the technical expertise necessary to successfully operate as a local exchange provider within the State of South Carolina.

IV. Approval of Application is in the Public Interest

1. Increased competition results in a reduction of the prices consumers pay for goods and services. When competition is introduced into markets, the consumer benefits by a way of efficient pricing, improved service quality and expanded product and service capabilities.

2. The objective of the Federal Telecommunications Act of 1996 is to foster the development of competition in the local exchange market so that consumers will be afforded the foregoing benefits. Pursuant to the Act, barriers to local service entry are prohibited and parameters for competition in local exchange markets are established. Because the Company will be able to offer a broad range of services to customers wherever the incumbent LEC(s) offer appropriate wholesale tariffs, the Company's entry into the local service market will serve to foster competition.

3. Granting this Application is consistent with S.C. Code Ann. § 58-9-280, and, in that regard Applicant makes the following representations to the Commission:

a. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;

b. Applicant's local services will meet the service standards required by the Commission;

c. The provision of local services by Applicant will not adversely impact the availability of affordable local exchange service;

d. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and

e. The provision of local services by Applicant will not adversely impact the public interest.

4. The demands of a competitive market are a better means to achieve affordability and quality of service than a monopolistic environment. As competitors vie for market share, they will compete based upon price, innovation and customer service. Those providers that offer consumers the most cost effective products will gain market share. In contrast, providers whose products do not meet the needs of consumers will lose market share and ultimately be eliminated from the industry.

V. Description of Services Offered and Service Territory

The Company intends to offer resold private line services to business customers as more specifically defined in its attached tariffs. Prior to providing services in South Carolina, the Company will file Final Tariffs with the Commission.

The Company will offer all services on a twenty-four hour per day, seven day per week basis. Local exchange services will be provided in the geographic areas served by BellSouth. Local exchange services will not be provided to customers located in a rural incumbent's local exchange service areas. Interexchange service will be offered on a statewide basis.

VI. Waivers and Regulatory Compliance

1. Requested Waivers. Commission Rule 103-603(3) provides that in "any case where compliance with any...rules and regulations introduces unusual difficulty such rule or regulation may be waived by the Commission upon a finding by the Commission that such a waiver is in the public interest." As described below, compliance with certain Commission rules will "introduce unusual difficulty" for the Applicant. Additionally, Applicant asserts that granting the waivers requested herein are "in the public interest".

(a) Retention of Records (R. 103-611). Except to the extent that the Rules of the Federal Communications Commission require Applicant to keep certain of its books and records in accordance with the Uniform System of Accounts, Applicant requests that the Commission

allow it to keep all other books and records in conformance with Generally Accepted Accounting Principles.

- (b) Operating Area Maps (R. 103-612.2.3). Applicant intends to offer service throughout the geographic service areas of the incumbent local exchange carriers operating in the State of South Carolina. Therefore, Applicant requests that the Commission forbear from requiring Applicant to “file with this Commission a map or maps showing its certificated area and/or exchange service area(s).”

- (c) Directories (R. 103-631). Applicant does not intend to publish telephone directories. However, Applicant will contract with its underlying local exchange carriers and/or their directory publishing affiliates, to ensure that Applicant’s customers are included in the applicable directory.

2. Alternative Regulation of Business Service Offerings. Applicant requests that all of its business service offerings be regulated pursuant to the procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C. It is Applicant’s intent by this request to have its business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States, Inc. (“AT&T”). Specifically, Applicant requests that the Commission:

- (a) remove the maximum rate tariff requirements for its business services, consumer card, operator service,¹ private line, and customer network-type offerings;
- (b) presume that the tariff filings for these uncapped services be valid upon filing. However, if the Commission institutes an investigation of a particular filing within seven (7) days, the tariff filing would be suspended until further order of the Commission; and
- (c) grant Applicant the same treatment as AT&T in connection with any future relaxation of the Commission’s reporting requirements.

¹ Excepting those operator-assisted calls where a consumer uses a local exchange carrier’s calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider. Operator surcharges and per-minute rates for this type of call were capped by Commission Order No. 2001-997, dated November 8, 2001.

3. Flexible Regulation of Local Exchange Services. Applicant requests that the Commission allow Applicant to employ a flexible local exchange rate structure first authorized by Commission Order No. 98-165 in Docket No. 97-467-C. Specifically, Applicant requests that the Commission:

- (a) adopt for Applicant's local exchange services a competitive rate structure incorporating maximum rate levels with flexibility for Applicant to adjust its rates below the maximum rate levels; and
- (b) permit Applicant's local exchange service tariff filings to be presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of such filings. At the discretion of the Commission, such filings would be suspended pending further order of the Commission and any such filings would be subject to the same monitoring process as is applied to other, similarly situated carriers.

VII. Interconnection Arrangements

The Company proposes to enter the local service marketplace with a resale offering of private line services via a resale agreement established with BellSouth.

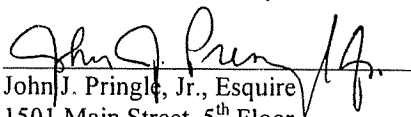
VIII. Conclusion

This Application demonstrates that the Company possesses the technical, financial and managerial resources to provide local exchange service within the State of South Carolina. Furthermore, granting this Application will promote the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all exchange telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of local exchange service will improve.

WHEREFORE, Vanco Direct USA, LLC requests that the South Carolina Public Service Commission issue a certificate of public convenience and necessity authorizing it to provide intrastate local exchange and interexchange telecommunications services to the public as proposed herein and set forth in the attached tariffs, that the Commission allow the Applicant to employ the alternative and flexible regulatory structures described herein, that the Commission grant Vanco the requested waivers of the Commission's Rules, and grant such other relief as is just and proper.

Respectfully Submitted,

ELLIS, LAWHORNE & SIMS, P.A.


John J. Pringle, Jr., Esquire
1501 Main Street, 5th Floor
P.O. Box 2285
Columbia SC 29202

August 3, 2005
Columbia, South Carolina